



Administrative Policies and Procedures: 3.17

Subject: Youth Development Center Trust Fund Accounts

Supersedes: DCS 3.17, 09/01/01

Local Policy: Yes

Local Procedures: Yes

Requires Training: No

Approved by:

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Application

To All Youth Development Center Superintendents and Fiscal And Administrative Services Employees.

Authority: TCA 37-5-106, 41-6-105 -106; 41-21-216 (a)(b); 41-21-217

Policy

Each youth development center shall maintain an individual trust fund bank account that is maintained according to generally accepted accounting principles for each youth placed under its authority.

Procedures

A. Local policy

The superintendent and fiscal staff of each youth development center must formulate a local policy that ensures adequate internal control of youth trust fund accounts.

B. Establishment of accounts

1. Responsibility

- a) The superintendent at each youth development center shall appoint a designated staff member to serve as the custodian of the youth development center trust fund accounts.
- b) The trust fund custodian must set up and maintain all accounts for youth at youth development centers.

- c) When each youth arrives, the trust fund custodian must obtain their names from the morning report or face sheet and establish for the youth a subsidiary account.

2. Minimum amount in subsidiary account

The trust fund custodian must maintain a balance of at least \$100 in each youth's trust fund subsidiary account before transferring an amount to a savings account to ensure that it has a working balance.

3. Savings accounts

- a) Youth whose account balance is greater than \$600 may establish an interest-bearing savings account in the amount of \$500; interest earned on youth's trust fund monies will accrue directly to youth.
- b) The trust fund custodian must establish such savings accounts in the name and social security number of the youth and superintendent.
- c) The children's services manager for administration or his/her designee must maintain passbooks for each savings account in an officially designated and secure location.
- d) All subsequent deposits into a youth's savings account may consist of any or all funds above the \$100 minimum balance in the subsidiary account.

4. Youth checking disallowed

Fiscal staff must not grant checking account privileges to youth.

C. Monies received

1. Surrender of youth monies

Each youth must surrender all monies in his/her possession to the superintendent or designee, except monies allowed by local policy.

2. Restrictive endorsement

- a) The fiscal officer or designee must restrictively endorse all checks, warrants, and money orders received for a youth at the time they are received.
- b) When a youth is listed as the payee, the fiscal officer or

designee must endorse the check as follows:

- c) **"For Deposit Only to the trust fund account of _____ (facility) for the account of the named payee."**

3. Receipt process

- a) The fiscal officer or designee must:
 - 1) Complete a pre-numbered receipt for all monies at the time they are received,
 - 2) Give to the youth a copy of the receipt(s) after posting to his/her account,
 - 3) Indicate on the receipt the name of the youth, the date, the amount received, the source of the monies received (i.e., mail, visitors, youth, intake, etc.) and must sign as receipting employee.
- b) The trust fund custodian must post receipts to individual youth ledger cards and must indicate the date posted, the receipt number and the amount received.
- c) The trust fund custodian must not credit youth allowance amounts to a youth's account until the youth development center has actually received and deposited the state warrant or the Automatic Clearing House has deposited the amount into the youth's account.

4. Types of payment allowed

- a) Payments must be in the form of cash, money order, certified check, or other guaranteed payment.
- b) Designated staff must not accept personal checks or third party checks for deposit to the youth's trust fund.

D. Deposits

1. Deposit slips

- a) The fiscal officer or designee must prepare daily deposit slips for monies received.
- b) Designated staff other than the one who prepares the receipt must prepare the deposit slip.
- c) A copy of the receipts and deposits must be given to the trust fund custodian for posting to the youth's subsidiary account.

2. Timing

Staff must deposit monies received for youth trust fund

accounts immediately in accordance with Finance and Administration policy 25, which states:

"...immediately" for deposits means within 24 hours after \$500.00 has been accumulated or 5 working days if more than \$100.00 but less than \$500.00 has been accumulated, provided that the funds to be deposited are secured under lock and key. Accumulated funds of \$100.00 or less, secured under lock and key, are to be deposited at least once each calendar month. If funds cannot be secured under lock and key, "immediately" means the same day.

E. Withdrawals by youth

1. Approval
 - a) Youth requests for withdrawals or transfers of money from the trust fund account require the written approval of the youth's residential case manager and either the fiscal officer or the superintendent.
 - b) Withdrawal requests payable to another youth, staff, or volunteers must not be approved.
2. Process for requesting withdrawals
 - a) Youth must request withdrawals from their trust fund accounts in writing, using form CS-0173, *Personal Withdrawal Request*, or CS-0305, *Commissary/Canteen Order*.
 - b) The youth must obtain the signature of authorized staff as a witness.
 - c) The witness must forward the request for approval to the superintendent or designee.
 - d) Designated staff must forward an approved personal withdrawal request to the trust fund custodian.
 - e) After processing a request, one copy of the request form must be returned to the youth, the original request must remain in the trust fund office, whether the request is approved or denied.
3. Checks
 - a) The trust fund custodian must:
 1. Write checks for all withdrawals, making them payable to the youth whose withdrawal request has been approved, to the commissary vendor, or to

named payee if other than the youth.

2. Not prepare withdrawal checks payable to another youth or employee.
- b) Designated staff must not sign withdrawal checks until they are completed in their entirety. The trust fund custodian is not permitted to sign checks.
- c) An updated, approved signature authorization form must be in the possession of the trust fund custodian at all times.
- d) All withdrawal checks must bear two authorized signatures of designated staff.
- e) Withdrawal checks must not be given to the trust fund custodian after designated staff has signed them. Designated staff other than the trust fund custodian must handle checks for disbursement, etc.
- f) Staff must place the notation, **“Void After 180 Days”** on all withdrawal checks.
- g) If a check is void at the time of issue, the trust fund custodian must cut off the signature space portion of the check, make a copy of the check for the custodian file, and clip the check in the checkbook.
- h) If a check is returned unclaimed, the trust fund custodian must cut off the signature space portion of the check, make copy of the check and the envelope for the custodian’s file. The check must be clipped into the checkbook for the accountant to use for reconciliation of the bank account.

4. Denials

If the superintendent or designee denies the request, he or she must state the reason for the denial on form CS-0173, *Personal Withdrawal Request*.

5. Restrictions

- a) The superintendent must not use funds from a youth account to pay court costs or privilege taxes, unless he or she receives a court order or privilege tax statement that specifically directs the collection of certain sums.

- b) Designated staff must not make withdrawals other than those mandated by statute or policy or requested in writing by the youth.
- c) Designated staff is strictly prohibited from transferring monies from the trust fund to the petty cash fund.
- d) All expenditures other than withdrawals through an approved request form as explained above in E., 2. must have the written approval of the superintendent.

F. Holds on accounts**1. Reasons**

A “**hold**” cannot be placed on a youth’s account, disallowing withdrawals except for:

- a) Payments of restitution ordered as a disciplinary sanction/decision as a result of disciplinary hearing,
- b) Monies that a court orders held or withdrawn, or
- c) Certain sums whose collection is required by statute,
- d) Approved fees for service for which a withdrawal request is pending.

2. Procedures

- a) A signed withdrawal request constitutes a voluntary request for a hold on an account made by the youth. No additional notice to the youth is necessary for withdrawal requests.
- b) A “hold” on an account for payments of restitution ordered as a disciplinary sanction/decision shall be as follows:
 - 1) All objections to payments of restitution must be made through the disciplinary appeals process.
 - 2) Providing the youth with a copy of the disciplinary hearing summary form serves as notice of a hold on an account for payments of restitution ordered as a disciplinary sanction/decision.
 - 3) The Trust Fund Custodian shall be notified of disciplinary restitution by copy of the disciplinary

reports.

- 4) A hold for payments of restitution shall remain in effect until all appeals are completed and until all amounts are paid in full.
 - 5) Restitution may be reinstated by hold letter from the YDC fiscal officer (Children's Services Manager- Administrative Services) if a youth has been released, placed on home trial visit or transferred and then returns to the facility were the original sanction has not been paid in full.
- c) "Holds" made on accounts for any other type of reasons including but not limited to court ordered payments, fees whose collection is required by statute, approved fees for service shall be as follows:
- 1) The YDC fiscal officer (Children's Services Manager-Administrative Services) or designee must notify the youth by letter that a "**Hold**" has been placed on the youth's account, stating the reasons why.
 - 2) The letter must state that if the youth does not submit written objections to the hold within ten (10) days, a specified amount must be automatically deducted from the youth's account as payment required by statute or court order fees or actions taken by the institution's disciplinary board.
 - 3) If a youth objects to the hold, he or she must explain in writing to the fiscal officer or designee, the reasons why the youth feels that he/she does not owe the stated amount.
 - 4) Upon receiving the written objections, the fiscal officer must determine the validity of the objections.
 - 5) If, after the investigation, the fiscal officer determines the hold to be valid, he or she must notify the youth in writing of the decision.
 - 6) If the youth is not satisfied with the decision of the fiscal officer, he/she may file a formal grievance appeal within seven (7) days of the decision made by the fiscal officer using the normal grievance procedures. This process shall not invent a new grievance procedure that goes directly to the Superintendent.

- 7) The grievance clerk shall forward a copy of the grievance disposition appeal form and any subsequent grievance disposition appeal forms to the Trust Fund Custodian.
- 8) A hold for which a grievance appeal has been filed shall remain in effect until all appeals are completed.

G. Accounting**1. Detailed reports**

- a) Designated staff must maintain a current detailed report of each youth's account on the computerized trust fund accounting system.
- b) A report of each youth's balance must be given to the youth at least weekly.
- c) At the locations where the computerized trust fund system is not available, staff must maintain manually a current detailed record

2. Reconciliation of accounts

- a) Designated staff must maintain a segregation of duties so that no one employee is responsible for all aspects of the trust fund.
- b) Designated staff that responsibilities are not receiving or disbursing funds, should reconcile bank statements.
- c) The designated staff shall include all voided and cancelled checks in the reconciliation of the bank statement.
- d) After reconciling the monthly bank statement, the void and cancelled checks are to be included with that month's statement.

3. Reconciliation deadlines

- a) Designated staff of youth development centers:
 1. Using the computerized system must reconcile the control account with the subsidiary accounts, checkbook, savings accounts, etc., daily.
 2. Using manual systems must reconcile control account with the subsidiary account after each

posting

- b) Designated staff must prepare a bank reconciliation monthly in writing. The reconciliation must be signed and dated by the trust fund custodian and the person reconciling the account.
- c) The reconciliation should be reviewed and signed by the fiscal officer or designee.
 - ◆ By the 25th of the month following the month of activity, the fiscal officer or designee must complete form CS-0174, *Analysis of Trust Fund Account*, and forward it to the central office fiscal and administrative services division.
 - ◆ Designated staff must give a detailed explanation of any discrepancies.

4. Shortages/discrepancies

- a) If reconciliation indicates a shortage, the fiscal officer or designee must use form CS-0174, *Analysis of Trust Fund Account*, to notify the appropriate assistant commissioner, director of fiscal and administrative services and the director of internal audit.
- b) If a discrepancy is found before the reporting time, staff must use the following procedures:
 - ◆ Designated staff must notify the director of fiscal and administrative services and the director of internal audit immediately.
 - ◆ The superintendent or designee must investigate all discrepancies thoroughly.
 - ◆ After the investigation, the superintendent must notify the appropriate assistant commissioner, the director of fiscal and administrative services, and the director of internal audit of the findings of the investigation by a written report
 - ◆ The director of internal audit must notify the comptroller of the treasury.

H. Transfer of trust funds

When a youth is transferred to another youth development center or DCS community residential facility, the fiscal officer

or designee must:

1. Determine whether any outstanding obligations and payments are due and what should be the appropriate balance in the trust fund account;
2. Prepare form CS-0020, *Trust Fund Transfer*, supporting it with an attached print-out of the subsidiary account that shows the youth's balance; and
3. Issue a check payable to the receiving youth development center for the total amount to be transferred or to the DCS community residential trust fund in the central office fiscal and administrative services division.
4. Forward the check and form CS-0020, *Trust Fund Transfer*, to the receiving youth development center or DCS community residential trust fund account in the central office fiscal and administrative services division at the time the youth is transferred or within seven work days, unless outstanding allowances are involved, in which case the transfer must take place immediately as soon as monies are received.

I. Un-cashed checks If a check payable to a youth has not been cashed within six months of the date on which it was written and the youth is still a resident at the youth development center, designated staff must credit the amount back into the youth's account.

J. Issuance of final trust fund balance to youth

1. Payment of balance to youth
When a youth is released, the fiscal officer or designee must deduct any and all outstanding obligations from a youth's trust fund account and then issue a check to the youth for the balance.
2. Payment of accruals/remainder after release
If monies are received for and/or remain in the account of a youth after he or she is released, staff must write a check for the amount and mail it to the last known address of the youth.

K. Unclaimed funds 1. Undeliverable checks

Designated staff must hold any trust fund checks that are returned and marked "undeliverable" for six (6) months.

2. Un-cashed checks

If a check issued to a youth after his/her release remains outstanding for six months, designated staff must transfer the youth's funds to the general fund of the State of Tennessee by:

- ◆ Adding the amount of the outstanding checks back into the trust fund account and
- ◆ Writing a check for the balance against the trust fund account and payable to the State of Tennessee, unclaimed property.

3. Funds of youth on escape status

If a youth remains on escape status and monies remain in his or her trust fund account for a period of six months, staff must transfer the monies as per un-cashed checks of released youth.

L. Retrieval of funds for youth**1. Written request**

To retrieve the funds transferred to the State of Tennessee because of un-cashed checks or escape status, a youth must send a written request for return of funds to the youth development superintendent. The fiscal officer or designee may also initiate the retrieval of funds.

2. Process for approved requests

- a) The youth development center fiscal officer or designee may request retrieval of amounts by using transaction code 155, revenue source code 408 for checks that were honored by the bank after being transferred to the State of Tennessee.
- b) The youth development center fiscal officer or designee must prepare a batch slip and a letter stating the circumstances and submit them with a copy of the deposit slip for the deposit to DCS fiscal and administrative services. If possible, also submit information listing batch date and batch number of the original deposit to unclaimed property.
- c) When the youth development center receives the warrant, designated staff must deposit it into the trust fund account, using standard trust fund account procedures. A check will be written to the youth from the trust fund account.

M. Reporting of savings accounts

1. The youth service manager or designee shall prepare a list of all youth savings accounts and submit it to the central office fiscal division each month.
2. The list should include:
 - ◆ Youth's name
 - ◆ Name of the bank
 - ◆ Balance of the account
3. This account must be reconciled to the previous month's balance.
4. If an account does not appear on the current month's list and it was listed on the previous month's list, an explanation must be submitted, (i.e., whether the youth was released or the account closed, etc.). If a youth is AWOL, also indicate this information by his/her name with attached documentation to support explanation (such as release form, runaway incident report, etc.).

Forms

CS-0020	Trust Fund Transfer
CS-0173	Personal Withdrawal Request
CS-0174	Analysis of Trust Fund Account
CS-0305	Commissary Order

Collateral Documents

None

ACA Standards

3-JTS-1B-18
3-JTS-1B-19
3-JTS-1B-20
3-JTS-1B-21